

PT Medco Energi Internasional Tbk.

Monthly Newsletter



STOCK DATA*

Market Cap. (bn Rp)	:	8,581
Highest (12mth)	:	4,350
Lowest (12mth)	:	2,175
Last Price	:	2,575
Free Float	:	37.56%

*as of 12 August 2011

MedcoEnergi Obtained Loan Facilities of US\$150 Million from BNI. PT Medco Energi Internasional Tbk. Is pleased to announce the signing of the loan facility agreement amounting US\$150 million from PT Bank Negara Indonesia Tbk. This loan facility will mature in 5 years since the signing of the loan agreement on July 26, 2011. Although the loan facility is not immediately withdrawn, it will be available for utilization for 24 months after signing.

The Company plans to use this Loan Facility to refinance its maturing loans, as well as to finance its working capital, operational needs, and/or other use required by the Company in connection with its business activities. This loan demonstrates Indonesian banking sector's confidence, especially BNI in providing loan facilities to MedcoEnergi.

MedcoEnergi 2011 First Half Net Income Rose 64.7% to US\$ 19.9 million. MedcoEnergi is pleased to announce its success to book its net income or profits attributable to shareholders of US\$ 19.9 million in the first half of 2011. The 64.7% increase, was fueled by total revenue booking of USD 580 million (up by 46.1% year-on-year), with the majority portion came from Oil and Gas Exploration, Production and Contracts activities which contributed 72% of the total revenue. Average realized selling price of oil and gas during the period were both significantly higher compared to the same period last year with oil price recorded at a 40.7% increase to USD 113.2/barrel, while gas price was 5.6% higher at USD 3.8/mmbtu. In term of volume, total oil and gas sold year-on-year were 1.9% higher to 56.5 MBOEPD due to the increase in gas sales volume of 9.7% to 159.6 MMSCFD.

Production increase led to a higher cost of goods sold and other direct costs, however, the Company can still record a gross profit of US\$ 182.4 million in the first half of 2011, a slight increase from US\$ 153.8 last year. In addition, the Company's operating expenses in the first half of 2011 also increased by 17.2% over the same period in 2010 due to an increase in salaries and employee benefits in order to adjust an increase in inflation and a stronger Indonesian Rupiah against the U.S. Dollar. Therefore, the Company's first half of 2011 operating income resulted in US\$ 109.5 million, 19.6% higher than first half of 2010 operating income of US\$ 91.6 million.

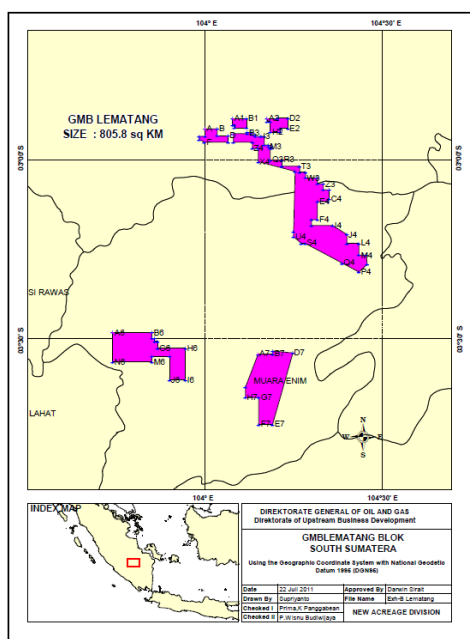
In terms of balance sheet, the Company's total assets at the end of first half 2011 increased by 12.9% to US\$ 2.3 billion from US\$ 2.1 billion at the end of first half 2010. This increase was mainly due to the increase in cash and cash equivalents, and an increase in other assets. The Company's increase in cash and cash equivalents at end of first half 2011 by 34.9% to US\$ 363.1 million from US\$ 269.1 million at the end of first half 2010 was primarily due to an increase in net cash from operating activities and net cash from investing activities, respectively 153.6% and 325.3% to US\$ 17.5 million and US\$ 114.5 million. The increase in net cash from the business activity resulted from increased average price of crude oil in first half 2011, while the increase in net cash from investing activities derived from the release of 100% stake Tomori E & P Limited in late 2010 for which payment is received in January 2011 and completion of the remaining receivables arising from the sale of 48.72% stake in PT

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Apexindo Pratama Duta Tbk in 2008 amounted to US\$ 35 million in cash received in June 2011.

Meanwhile, the Company's total liabilities at the end of first half 2011 was slightly increased by 14.2% to US\$ 1.5 billion from US\$ 1.3 billion at the end of the same period last year. The increase in liabilities was mainly due to higher non-current liabilities due to the draw down of loans available from a variety of banking institutions to meet the needs of project financing and working capital of the Company. While the position of the Company's equity at the end of the first half 2011 was US\$ 813.8 million, an increase of 13.9% compared to US\$ 714.6 million at the end of the same period in 2010. For full details please refer to our [1H 2011 financial results](#) and quarterly [Investors' Update for 1H 2011](#).



MedcoEnergi Signs its Third CBM PSC at Lematang Block. Jakarta, July 25, 2011 - PT Medco Energi Internasional Tbk is pleased to announce the signing of a Lematang Coal-Bed Methane Production Sharing Contract block, located in the South Sumatra, Indonesia. The Lematang CBM PSC agreement was signed between its indirect wholly-owned subsidiary, PT Medco CBM Lematang, which is owned through PT Medco Energi CBM Indonesia, PT Methanindo Energy Resources (Sugico group), PT Perusahaan Gas Negara (Persero), as the Consortium, and Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas (BPMIGAS), as a state owned Legal Entity.

The agreement establishes the respective rights and obligations of the operating and non-operating parties under the Lematang CBM PSC, including the joint exploration, appraisal, development and production of CBM from the 805.8 square kilometer Lematang CBM PSC block. Since the CBM area is also located in MedcoEnergi's oil & gas producing asset Lematang PSC block, and also considering the experiences that MedcoEnergi had in CBM industry so far, MedcoEnergi will be appointed as Operator of the Block. Meanwhile, the Lematang CBM PSC allows the Company a maximum of 10 years exploration and 20 years of exploitation period. The Consortium expects that it could contribute to the Government of Indonesia with a significant amount of methane gas.

Lematang CBM PSC is the third PSC signed by MedcoEnergi after Sekayu CBM PSC and Muralim CBM PSC. The entire PSCs are located in South Sumatra, adjacent to the Company's other oil and gas PSC fields. MedcoEnergi together with its consortium members are committed to undertake two core hole drilling and two exploration wells which will be continued to the production testing or dewatering phase with a total value of US\$4.6 million for the first 3-year period.

Exploration Report

Bengara Block PSC, East Kalimantan

Background

Bengara-I Block PSC is located in North East Kalimantan. The block originally awarded to PT Petroner Bengara Energi. PT Medco E&P Bengara has taken over the 100% share by September 27, 1999. The company holds 55% of Working Interest (WI), while Salamander Energy holds 45% of the Bengara-I Block's Working Interest. The PSC is valid until 26 September 2029.

Exploration Activities

Drilling Activities

As the end of July 2011, drilling of South Sebuku-2 well have reached depth of 5,055

ft MD/ TVD of 4,535 ft MD/TVD planned total depth. As end of July 2011,.

Next Plan Do testing at interval : 2896.5' – 2,908.5'MD; 2004.5' – 2011.5' MD and 1,499' – 1,516'MD

Rimau Block PSC, South Sumatra

Background Rimau Block PSC is located in Musi Banyu Asin, South Sumatra. The block was originally awarded to PT Stanvac Indonesia which shares were 50% Exxon and 50% Mobil Oil. PT Medco E & P Indonesia has taken 100% shares from the original shareholders (Exxon and Mobil Oil) by December 22nd 1995. The company holds 95% of Working Interest (WI), while "Perusahaan Daerah Pertambangan & Energi SUMSEL (PDPDE)" holds 5% of the Rimau Block's Working Interest. The contract has been extended until 22 April 2023.

Exploration Activities *Drilling Activities*

The Company spudded Rumbi-2 well in July 5th 2010 and planned to drill a total depth of 2,780 feet MD. As of the end of July 2011, the Company drilled to a final total depth of 2,736 feet MD. Tests resulted flowing in average 279.81 BOPD with 0.95% of water cut thru 18/64" choke, at Talang Akar Formation, interval.

Seismic Activities

2D Land Seismic acquisition are located in 2 districts, Kabupaten Banyuasin and Kabupaten Musi Banyuasin, with total track 400 km. Work sequences are divided into 3 areas survey, Iliran High, Elkap and Karamba. Planting of Bench Mark starts on 30 June 2011 and Topography Survey activities starts on 27 July 2011.

Until the end of July 2011, the progress status are :

- Bench Mark GPS : 32 point from 32 point (100%)
- Bench Mark Seismic : 15 point from 28 point (54%)
- Survey Topography : 18.4 km from 400 km (5%)

Next Plan The company plan to test hydrocarbon potential in the well at Baturaja and Telisa Formation.

South & Central Sumatra Block PSC

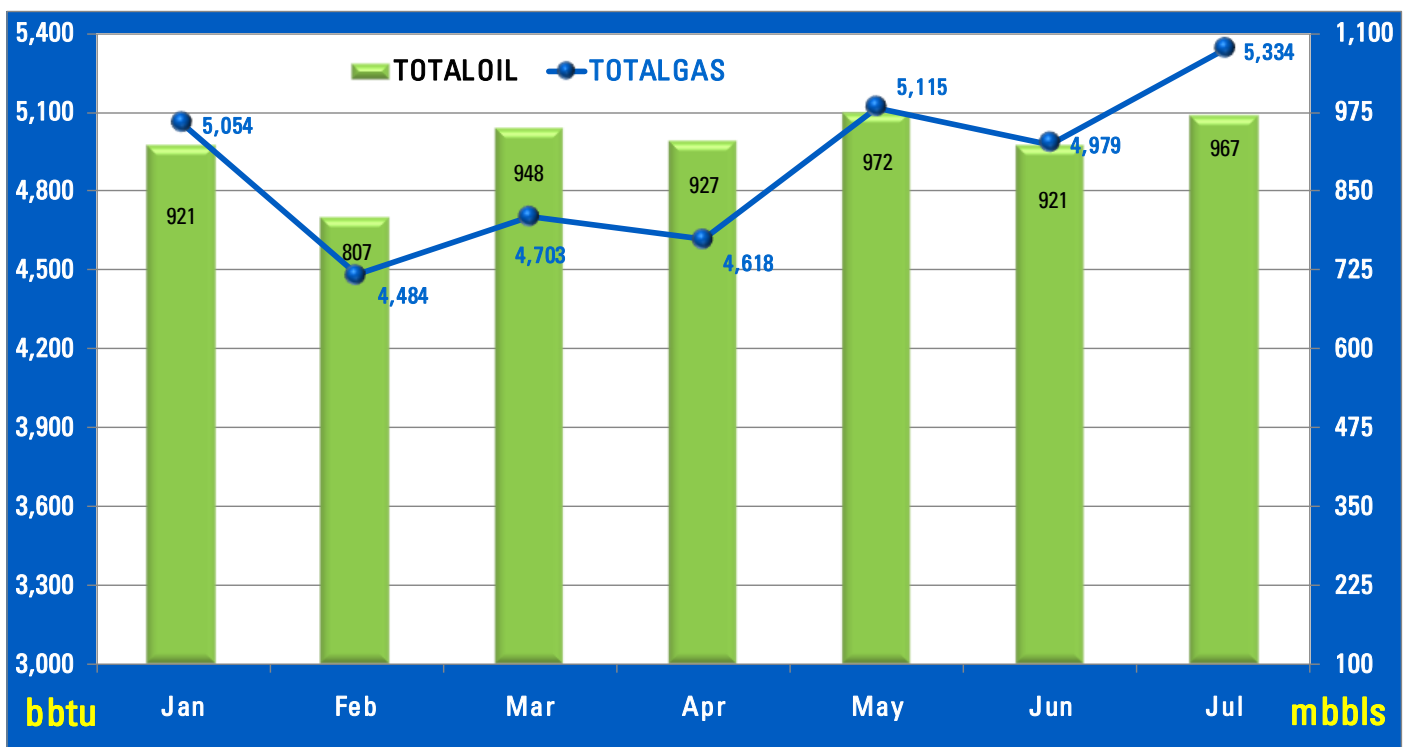
Background The South & Central Sumatra Block PSC was originally awarded to PT Stanvac Indonesia which shares were 50% Exxon and 50% Mobil. Medco has taken over the 100% shares operatorship from its original shareholder (Exxon and Mobil) by December 22, 1995.

Exploration Activities The Company spudded Lica-1 well in July 11th 2011 and planned to drill a total depth of 4,730 feet MD. As of the end of July 2011, the Company drilled to a total depth of 4,645 feet MD.

Next Plan There is hydrocarbon indication present, the company plan to continue the programmed logging job.

Production Report

Crude Oil Production (mbbls)	Jan	Feb	Mar	Apr	May	Jun	Jul	Total
Rimau	521.7	451.2	512.9	491.1	510.9	494.9	502.8	3,485.5
South & Central Sumatra	243.4	218.1	247.1	233.9	249.2	230.1	248.4	1,670.1
Tarakan	54.5	52.3	69.9	66.1	80.6	67.6	71.8	462.8
Sembakung	58.8	51.8	57.4	56.0	56.1	60.3	75.2	415.6
Bawean	1.7	0.0	21.3	38.7	42.1	37.8	37.7	179.3
Tiaka	30.1	26.3	28.8	26.6	15.3	15.0	15.3	157.3
USA	11.2	7.0	10.6	15.1	18.2	15.4	15.9	93.4
Gas Sales (bbtu)	Jan	Feb	Mar	Apr	May	Jun	Jul	Total
South & Central Sumatra	4,345.0	3,819.8	3,943.8	3,927.5	4,014.1	4,194.1	4,502.0	24,244.3
Lematang	404.5	404.6	461.5	439.2	857.7	560.6	615.1	3,128.2
Tarakan	144.2	142.2	167.7	159.7	146.0	144.0	136.7	903.8
USA	160.7	116.9	130.4	91.4	97.6	80.5	80.5	677.6
Electricity (GWH)	Jan	Feb	Mar	Apr	May	Jun	Jul	Total
Power Production - IPP	105	99	106	106	103	107	107	734
Power Production - O&M	829	819	856	840	533	895	907	5,679
Downstream	Jan	Feb	Mar	Apr	May	Jun	Jul	Total
Fuel Distribution / KL	11,636	13,516	17,031	35,119	25,532	29,220	15,753	147,807
Ethanol Production / KL	1,139	736	844	1,536	2,819	2,984	1,801	11,859
LPG Production / MT	1,366	1,161	1,330	1,243	1,288	1,272	1,142	8,802



Drilling Activities Summary

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Actual 2011 YTD	Budget FY2011
Exploration Wells	0	0	0	0	0	1	2	3	14
Development Wells	3	6	3	4	4	5	0	25	36

WTI, Brent and ICP Oil Price

